

CITY OF MINNEOLA, KANSAS

**FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
Minneola, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash of the City of Minneola, Kansas and its related municipal entity, the Minneola City Library (collectively referred to as the Municipal Financial Reporting Entity), as of and for the year ended December 31, 2019, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note A; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note A, the financial statement is prepared by the Municipal Financial Reporting Entity on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Municipal Financial Reporting Entity as of December 31, 2019, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the Municipal Financial Reporting Entity as of December 31, 2019, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note A.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget and the individual fund schedules of regulatory basis receipts and expenditures (Schedules 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note A.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the Municipal Financial Reporting Entity as of and for the year ended December 31, 2018 (not presented herein), and have issued our report thereon dated September 27, 2019, which contained an unmodified opinion on the basic financial statement. The 2018 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link: <https://admin.ks.gov/offices/oar/municipal-services/municipal-audits>. The 2018 actual column (2018 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures for year ended December 31, 2019 (Schedule 2 as listed in the table of contents), is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2018 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 basic financial statement. The 2018 comparative information was subjected to the auditing procedures applied in the audit of the 2018 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2018 basic financial statement or to the 2018 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2018 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2018, on the basis of accounting described in Note A.

Kennedy McKee & Company LLP

August 14, 2020

CITY OF MINNEOLA, KANSAS

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
REGULATORY BASIS**

For the Year Ended December 31, 2019

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Prior year canceled encumbrances</u>
General fund:		
General	\$ 182,980	\$ -
Special purpose funds:		
Library	4,199	-
Library employee benefits	440	-
Employee benefits	8,505	-
Special highway	7,160	-
Equipment reserve	47,400	-
Capital improvements	133,130	-
KHRC grant	-	-
Total special purpose funds	<u>200,834</u>	<u>-</u>
Bond and interest fund:		
Bond and interest	<u>26,589</u>	<u>-</u>
Capital project fund:		
Water line project	<u>-</u>	<u>-</u>
Business funds:		
Water utility	48,591	-
Sewer utility	26,761	-
Trash utility	<u>8,549</u>	<u>-</u>
Total business funds	<u>83,901</u>	<u>-</u>
Total City of Minneola	494,304	-
Related municipal entity:		
Minneola City Library	<u>64,384</u>	<u>-</u>
Total municipal financial reporting entity	<u>\$ 558,688</u>	<u>\$ -</u>
Composition of cash:		
Checking		
Debit card		
Money market		
Certificate of deposit		
Total City of Minneola		
Related municipal entity		
Total municipal financial reporting entity		

The notes to the financial statement are an integral part of this statement.

STATEMENT 1

<u>Receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add encumbrances and accounts payable</u>	<u>Ending cash balance</u>
\$ 391,367	\$ 419,889	\$ 154,458	\$ 351	\$ 154,809
20,254	20,900	3,553	-	3,553
2,148	2,200	388	-	388
24,026	23,441	9,090	-	9,090
31,697	34,150	4,707	-	4,707
52,134	43,546	55,988	-	55,988
53,000	164,185	21,945	83,283	105,228
125,750	125,750	-	-	-
<u>309,009</u>	<u>414,172</u>	<u>95,671</u>	<u>83,283</u>	<u>178,954</u>
<u>41,329</u>	<u>54,250</u>	<u>13,668</u>	<u>-</u>	<u>13,668</u>
<u>2,656,031</u>	<u>656,297</u>	<u>1,999,734</u>	<u>11,534</u>	<u>2,011,268</u>
225,200	193,242	80,549	2,010	82,559
79,100	69,448	36,413	4,500	40,913
47,737	44,243	12,043	-	12,043
<u>352,037</u>	<u>306,933</u>	<u>129,005</u>	<u>6,510</u>	<u>135,515</u>
3,749,773	1,851,541	2,392,536	101,678	2,494,214
<u>71,027</u>	<u>51,629</u>	<u>83,782</u>	<u>7,548</u>	<u>91,330</u>
<u>\$ 3,820,800</u>	<u>\$ 1,903,170</u>	<u>\$ 2,476,318</u>	<u>\$ 109,226</u>	<u>\$ 2,585,544</u>
				\$ 2,226,483
				2,052
				215,679
				<u>50,000</u>
				2,494,214
				<u>91,330</u>
				<u>\$ 2,585,544</u>

CITY OF MINNEOLA, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statement is presented to assist in understanding the City's financial statement. The financial statement, schedules, and notes are representations of the City's management, which is responsible for their integrity and objectivity.

1. Municipal Financial Reporting Entity

The City of Minneola is a municipal corporation governed by an elected mayor and five-member council. This financial statement presents the City of Minneola (the Municipality) and its related municipal entity. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents.

Minneola City Library. The Library operates the City's public library. The members of the governing board of the Library are approved by the City Council. The Library is fiscally dependent on the City because the City provides substantial financial support in the form of appropriations. In addition, the Library is prohibited from issuing bonded debt without the approval of the City Council.

2. Basis of Presentation – Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2019:

REGULATORY BASIS FUND TYPES

General fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose fund – used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest fund – used to account for the accumulation of resources (including tax levies and transfers from other funds) and payment of general long-term debt.

Capital Project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business fund – funds financed in whole or in part by fees charged to users for goods or services (i.e. enterprise and internal service funds, etc.).

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

4. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in the official newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held, and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary Information (Continued)

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which receipts are recognized when cash is received, and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for the Capital Project fund, or the Equipment Reserve, Capital Improvements, and KHRC Grant special purpose funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

B. COMPLIANCE WITH KANSAS STATUTES

References made herein to the statutes are not intended as interpretations of law but are offered for consideration of the Director of Accounts and Reports, the Kansas Department of Administration, and legal representatives of the City.

K.S.A. 10-130 requires that municipalities remit payments for any bonds or interest to the state fiscal agent at least twenty days before the date of maturity. One payment was not made in accordance with this statute.

K.S.A. 9-1402 requires the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. The statute further requires that the collateral is bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Kansas; bonds of any city, county, school district, or special road district of the State of Kansas; or a surety bond. At year end, one of the securities used to secure deposits did not meet the above requirements.

C. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds to have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. The City has no other policies that would further limit interest rate risk.

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds to have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

C. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial credit risk - deposits. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2019.

At December 31, 2019, the City's carrying amount of deposits was \$2,494,214 and the bank balance was \$2,494,420. Of the bank balance, \$250,000 was covered by federal depository insurance and \$2,244,420 was collateralized with securities held by the pledging financial institution's agents in the City's name.

D. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2019 were as follows:

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ payments</u>	<u>Balance end of year</u>	<u>Interest paid</u>
General obligation bonds:					
General improvements					
Issued September 28, 2009					
In the amount of \$465,000					
At an interest rate of 2.0%-4.25%					
Maturing November 1, 2020	\$ 100,000	\$ -	\$ 50,000	\$ 50,000	\$ 4,250
General obligation temporary notes:					
Water line project					
Issued October 19, 2019					
In the amount of \$2,655,000					
At an interest rate of 2.0%					
Maturing November 1, 2022	-	2,655,000	-	2,655,000	-
Revolving loans:					
Kansas Dept. of Health and Environment					
Issued March 26, 2013					
In the amount of \$712,780					
At an interest rate of 2.16%					
Maturing February 1, 2034	575,543	-	543,231	32,312	12,262
Capital leases:					
2005 Pumper Fire Truck					
Issued March 30, 2017					
In the amount of \$56,000					
At an interest rate of 3.35%					
Maturing April 1, 2022	38,372	-	11,066	27,306	1,116
2015 JD Backhoe					
Issued March 31, 2017					
In the amount of \$95,987					
At an interest rate of 3.25%					
Maturing April 1, 2022	65,714	-	18,974	46,740	1,854
2017 JD Skid Steer					
Issued June 6, 2017					
In the amount of \$27,992					
At an interest rate of 3.25%					
Maturing June 1, 2022	20,058	-	5,501	14,557	570
Total capital leases	124,144	-	35,541	88,603	3,540
Total contractual indebtedness	<u>\$ 799,687</u>	<u>\$ 2,655,000</u>	<u>\$ 628,772</u>	<u>\$ 2,825,915</u>	<u>\$ 20,052</u>

D. LONG-TERM DEBT (CONTINUED)

Current maturities of general obligation bonds through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2020	\$ 50,000	\$ 2,125	\$ 52,125

Current maturities of general obligation temporary notes through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2020	\$ -	\$ 50,888	\$ 50,888
2021	-	53,100	53,100
2022	<u>2,655,000</u>	<u>53,100</u>	<u>2,708,100</u>
Total	<u>\$ 2,655,000</u>	<u>\$ 157,088</u>	<u>\$ 2,812,088</u>

Current maturities of revolving loans for the next five years and in five-year increments through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2020	\$ 32,312	\$ 3,696	\$ 36,008

Current maturities of capital leases through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2020	\$ 36,718	\$ 2,365	\$ 39,083
2021	37,949	1,134	39,083
2022	<u>13,936</u>	<u>103</u>	<u>14,039</u>
Total	<u>\$ 88,603</u>	<u>\$ 3,602</u>	<u>\$ 92,205</u>

E. INTERFUND TRANSFERS

A summary of interfund transfers by type is as follows:

<u>From</u>	<u>To</u>	<u>Regulatory authority</u>	<u>Amount</u>
Operating transfers:			
General	Capital Improvements	K.S.A. 12-1,118	\$ 53,000
General	Equipment Reserve	K.S.A. 12-1,117	52,134
General	Special Highway	K.S.A. 12-1,119	12,989
Water Utility	Bond and Interest	K.S.A. 12-825d	<u>30,000</u>
			<u>\$ 148,123</u>
Transfers to related municipal entity:			
Library	Minneola City Library		\$ 20,900
Library Employee Benefits	Minneola City Library		<u>2,200</u>
			<u>\$ 23,100</u>

F. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Death and disability other post employment benefits. As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate was set at 1% and contributions were \$1,101 for the year ended December 31, 2019.

Compensated absences. The City's compensated absence policy permits employees to accrue hours based on years of service and employment classification. The maximum accumulation also depends on years of service and employment classification. Upon reaching the maximum number of hours accrued, the leave accrual will change to extended leave and be deposited into the employee's Extended Illness Bank until the maximum hours are attained.

G. DEFINED BENEFIT PENSION PLAN

General Information about the Plan

Plan description. The City of Minneola participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.89% for KPERS and 22.13% for KP&F for the fiscal year ended December 31, 2019. Contributions to the pension plan from the City were \$9,788 for KPERS and \$17,906 for KP&F for the year ended December 31, 2019.

G. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability

At December 31, 2019, the City's proportionate share of the collective net pension liability reported by KPERS was \$88,244 and \$132,001 for KP&F. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

H. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and, natural disasters. The City purchases commercial insurance to cover these risks. There have been no significant reductions in coverage from the prior year. Settled claims have not exceeded coverage in any of the past three years.

I. CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	<u>Project authorization</u>	<u>Cash disbursements and accounts payable to date</u>
Water system improvements	\$ 467,300	\$ 98,033
Streetscape design	<u>25,217</u>	<u>25,217</u>
	<u>\$ 492,517</u>	<u>\$ 123,250</u>

J. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 14, 2020, the date on which the financial statement was available to be used. Management's evaluation concluded that the following subsequent events are required to be recognized or disclosed in the financial statement:

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the pandemic. Therefore, the City expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF MINNEOLA, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment for qualifying budget credits</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General fund:					
General	\$ 453,380	\$ -	\$ 453,380	\$ 419,889	\$ 33,491
Special purpose funds:					
Library	20,900	-	20,900	20,900	-
Library employee benefits	2,200	-	2,200	2,200	-
Employee benefits	30,000	-	30,000	23,441	6,559
Special highway	67,520	-	67,520	34,150	33,370
Bond and interest fund:					
Bond and interest	64,450	-	64,450	54,250	10,200
Business funds:					
Water utility	235,392	-	235,392	193,242	42,150
Sewer utility	99,730	-	99,730	69,448	30,282
Trash utility	59,860	-	59,860	44,243	15,617
	<u>\$ 1,033,432</u>	<u>\$ -</u>	<u>\$ 1,033,432</u>	<u>\$ 861,763</u>	<u>\$ 171,669</u>

See Independent Auditor's Report.

CITY OF MINNEOLA, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019

(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2018	2019		Variance favorable (unfavorable)
		Actual	Budget	
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 90,636	\$ 85,129	\$ 84,369	\$ 760
Delinquent tax	3,144	3,523	-	3,523
Motor vehicle tax	21,420	24,114	23,172	942
Recreational vehicle tax	206	279	243	36
16/20M truck tax	-	7	-	7
Special assessments	1,750	6,250	-	6,250
Intangibles tax	2,853	2,761	2,696	65
State and federal aid	-	1,388	-	1,388
Local sales tax	63,629	66,081	48,000	18,081
Franchise tax	43,487	38,949	36,000	2,949
Amounts from Clark County	86,956	3,000	3,000	-
Windfarm donations	101,101	103,123	103,000	123
Licenses, permits and fees:				
Licenses and permits	1,850	1,625	300	1,325
Animal control	50	116	-	116
Fines, forfeitures and penalties	21,381	11,400	20,000	(8,600)
Charges for services	19,507	18,461	15,000	3,461
Interest	1,331	1,753	1,000	753
Miscellaneous	28,331	15,222	5,000	10,222
Donations	-	10,000	-	10,000
Neighborhood revitalization	(1,215)	(1,814)	(3,084)	1,270
Total receipts	486,417	391,367	\$ 338,696	\$ 52,671
Expenditures:				
General government:				
Personal services	51,201	46,007	\$ 60,000	\$ 13,993
Contractual services	80,736	94,337	80,000	(14,337)
Commodities	17,529	7,521	16,000	8,479
Capital outlay	-	-	5,780	5,780
Public safety:				
Law enforcement	3,300	3,600	3,600	-
Fire department	3,960	4,446	10,000	5,554
Police department:				
Personal services	42,136	48,963	46,000	(2,963)
Capital outlay	6,559	6,047	6,000	(47)
Municipal court:				
Personal services	2,950	2,026	4,000	1,974
Contractual services	11,293	7,497	16,000	8,503
Culture and recreation:				
Personal services	38,155	34,762	40,000	5,238
Contractual services	38,277	21,271	18,000	(3,271)
Commodities	5,422	5,098	10,000	4,902
Capital outlay	-	20,191	15,000	(5,191)
Operating transfers out	177,550	118,123	123,000	4,877
Total expenditures	479,068	419,889	\$ 453,380	\$ 33,491
Receipts over (under) expenditures	7,349	(28,522)		
Unencumbered cash, beginning of year	175,631	182,980	\$ 114,684	\$ 68,296
Unencumbered cash, end of year	\$ 182,980	\$ 154,458		

See Independent Auditor's Report.

CITY OF MINNEOLA, KANSAS

LIBRARY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2018	2019		Variance favorable (unfavorable)
		Actual	Budget	
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 14,860	\$ 15,872	\$ 15,734	\$ 138
Delinquent tax	630	677	-	677
Motor vehicle tax	3,964	3,996	3,800	196
Recreational vehicle tax	36	46	40	6
16/20M truck tax	-	1	-	1
Neighborhood revitalization	(199)	(338)	(575)	237
Total receipts	19,291	20,254	<u>\$ 18,999</u>	<u>\$ 1,255</u>
Expenditures:				
Transfer to related municipal entity	17,880	20,900	<u>\$ 20,900</u>	<u>\$ -</u>
Receipts over (under) expenditures	1,411	(646)		
Unencumbered cash, beginning of year	2,788	4,199	<u>\$ 1,901</u>	<u>\$ 2,298</u>
Unencumbered cash, end of year	<u>\$ 4,199</u>	<u>\$ 3,553</u>		

See Independent Auditor's Report.

CITY OF MINNEOLA, KANSAS

LIBRARY EMPLOYEE BENEFITS FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2018</u>	<u>2019</u>		<u>Variance favorable (unfavorable)</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 1,664	\$ 1,655	\$ 1,641	\$ 14
Delinquent tax	70	74	-	74
Motor vehicle tax	441	449	425	24
Recreational vehicle tax	4	5	4	1
Neighborhood revitalization	(22)	(35)	(60)	25
Total receipts	<u>2,157</u>	<u>2,148</u>	<u>\$ 2,010</u>	<u>\$ 138</u>
Expenditures:				
Transfer to related municipal entity	<u>2,075</u>	<u>2,200</u>	<u>\$ 2,200</u>	<u>\$ -</u>
Receipts over (under) expenditures	82	(52)		
Unencumbered cash, beginning of year	<u>358</u>	<u>440</u>	<u>\$ 190</u>	<u>\$ 250</u>
Unencumbered cash, end of year	<u>\$ 440</u>	<u>\$ 388</u>		

See Independent Auditor's Report.

CITY OF MINNEOLA, KANSAS

EMPLOYEE BENEFITS FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2018	2019		Variance favorable (unfavorable)
		Actual	Budget	
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 11,091	\$ 20,807	\$ 20,640	\$ 167
Delinquent tax	539	532	-	532
Motor vehicle tax	3,264	3,096	2,835	261
Recreational vehicle tax	30	34	30	4
16/20M truck tax	-	1	-	1
Neighborhood revitalization	(149)	(444)	(754)	310
Total receipts	14,775	24,026	\$ 22,751	\$ 1,275
Expenditures:				
General government:				
Contractual services	22,591	23,441	\$ 30,000	\$ 6,559
Receipts over (under) expenditures	(7,816)	585		
Unencumbered cash, beginning of year	16,321	8,505	\$ 7,249	\$ 1,256
Unencumbered cash, end of year	\$ 8,505	\$ 9,090		

See Independent Auditor's Report.

CITY OF MINNEOLA, KANSAS

SPECIAL HIGHWAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2018	2019		Variance favorable (unfavorable)
		Actual	Budget	
Receipts:				
State of Kansas gas tax	\$ 18,767	\$ 18,708	\$ 18,920	\$ (212)
Operating transfer in	30,000	12,989	38,000	(25,011)
Total receipts	48,767	31,697	\$ 56,920	\$ (25,223)
Expenditures:				
Public works:				
Personal services	7,642	5,615	\$ 7,000	\$ 1,385
Contractual services	2,000	2,500	4,000	1,500
Commodities	32,630	26,035	56,520	30,485
Total expenditures	42,272	34,150	\$ 67,520	\$ 33,370
Receipts over (under) expenditures	6,495	(2,453)		
Unencumbered cash, beginning of year	665	7,160	\$ 10,600	\$ (3,440)
Unencumbered cash, end of year	\$ 7,160	\$ 4,707		

See Independent Auditor's Report.

CITY OF MINNEOLA, KANSAS

EQUIPMENT RESERVE FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2018</u>	<u>2019</u>
Receipts:		
Operating transfers in	<u>\$ 46,000</u>	<u>\$ 52,134</u>
Expenditures:		
Debt service:		
Principal	34,396	35,542
Interest	4,687	3,541
Capital outlay	<u>27,149</u>	<u>4,463</u>
Total expenditures	<u>66,232</u>	<u>43,546</u>
Receipts over (under) expenditures	(20,232)	8,588
Unencumbered cash, beginning of year	<u>67,632</u>	<u>47,400</u>
Unencumbered cash, end of year	<u><u>\$ 47,400</u></u>	<u><u>\$ 55,988</u></u>

See Independent Auditor's Report.

CITY OF MINNEOLA, KANSAS

CAPITAL IMPROVEMENTS FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2018</u>	<u>2019</u>
Receipts:		
Operating transfers in	\$ 101,550	\$ 53,000
Expenditures:		
Capital outlay	<u>46,665</u>	<u>164,185</u>
Receipts over (under) expenditures	54,885	(111,185)
Unencumbered cash, beginning of year	<u>78,245</u>	<u>133,130</u>
Unencumbered cash, end of year	<u><u>\$ 133,130</u></u>	<u><u>\$ 21,945</u></u>

See Independent Auditor's Report.

CITY OF MINNEOLA, KANSAS

KHRC GRANT FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2018</u>	<u>2019</u>
Receipts:		
State of Kansas	<u>\$ -</u>	<u>\$ 125,750</u>
Expenditures:		
General government:		
Capital outlay	<u>-</u>	<u>125,750</u>
Receipts over (under) expenditures	-	-
Unencumbered cash, beginning of year	<u>-</u>	<u>-</u>
Unencumbered cash, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See Independent Auditor's Report.

CITY OF MINNEOLA, KANSAS

BOND AND INTEREST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2018	2019		Variance favorable (unfavorable)
		Actual	Budget	
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 8,449	\$ 8,360	\$ 8,287	\$ 73
Delinquent tax	698	690	-	690
Motor vehicle tax	4,113	2,430	2,159	271
Recreational vehicle tax	29	26	23	3
16/20M truck tax	-	1	-	1
Operating transfers in	30,000	30,000	30,000	-
Neighborhood revitalization	(113)	(178)	(303)	125
Total receipts	<u>43,176</u>	<u>41,329</u>	<u>\$ 40,166</u>	<u>\$ 1,163</u>
Expenditures:				
Debt service:				
Principal	45,000	50,000	\$ 40,000	\$ (10,000)
Interest	6,050	4,250	4,250	-
Fees and commission	-	-	200	200
Cash basis reserve	-	-	20,000	20,000
Total expenditures	<u>51,050</u>	<u>54,250</u>	<u>\$ 64,450</u>	<u>\$ 10,200</u>
Receipts over (under) expenditures	(7,874)	(12,921)		
Unencumbered cash, beginning of year	<u>34,463</u>	<u>26,589</u>	<u>\$ 24,284</u>	<u>\$ 2,305</u>
Unencumbered cash, end of year	<u>\$ 26,589</u>	<u>\$ 13,668</u>		

See Independent Auditor's Report.

CITY OF MINNEOLA, KANSAS

WATER LINE PROJECT FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2018</u>	<u>2019</u>
Receipts:		
Interest	\$ -	\$ 1,031
Debt proceeds	-	<u>2,655,000</u>
Total receipts	<u>-</u>	<u>2,656,031</u>
Expenditures:		
Public works:		
Capital outlay	-	98,050
Debt service:		
Bond principal	-	511,600
Debt issuance costs	-	<u>46,647</u>
Total expenditures	<u>-</u>	<u>656,297</u>
Receipts over (under) expenditures	-	1,999,734
Unencumbered cash, beginning of year	<u>-</u>	<u>-</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ 1,999,734</u>

See Independent Auditor's Report.

CITY OF MINNEOLA, KANSAS

WATER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2018	2019		Variance favorable (unfavorable)
		Actual	Budget	
Receipts:				
Charges for services	\$ 187,735	\$ 220,380	\$ 195,000	\$ 25,380
Miscellaneous	4,029	4,820	-	4,820
Total receipts	191,764	225,200	\$ 195,000	\$ 30,200
Expenditures:				
Public works:				
Personal services	57,087	57,857	\$ 67,500	\$ 9,643
Contractual services	56,168	55,200	67,500	12,300
Commodities	5,685	5,693	12,000	6,307
Capital outlay	1,737	600	14,500	13,900
Debt service:				
Principal	30,958	31,630	31,630	-
Interest and fees	12,934	12,262	12,262	-
Operating transfers out	30,000	30,000	30,000	-
Total expenditures	194,569	193,242	\$ 235,392	\$ 42,150
Receipts over (under) expenditures	(2,805)	31,958		
Unencumbered cash, beginning of year	51,396	48,591	\$ 40,505	\$ 8,086
Unencumbered cash, end of year	\$ 48,591	\$ 80,549	\$ 113	\$ 80,436

See Independent Auditor's Report.

CITY OF MINNEOLA, KANSAS

SEWER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2018	2019		Variance favorable (unfavorable)
		Actual	Budget	
Receipts:				
Charges for services	\$ 79,890	\$ 79,100	\$ 80,000	\$ (900)
Expenditures:				
Public works:				
Personal services	41,901	43,516	\$ 50,000	\$ 6,484
Contractual services	18,477	21,062	20,000	(1,062)
Commodities	4,982	4,870	20,000	15,130
Capital outlay	1,000	-	9,730	9,730
Total expenditures	66,360	69,448	\$ 99,730	\$ 30,282
Receipts over (under) expenditures	13,530	9,652		
Unencumbered cash, beginning of year	13,231	26,761	\$ 19,730	\$ 7,031
Unencumbered cash, end of year	\$ 26,761	\$ 36,413		

See Independent Auditor's Report.

CITY OF MINNEOLA, KANSAS

TRASH UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2018</u>	<u>2019</u>		<u>Variance favorable (unfavorable)</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts:				
Charges for services	\$ 47,391	\$ 47,737	<u>\$ 50,000</u>	<u>\$ (2,263)</u>
Expenditures:				
Public works:				
Contractual services	<u>41,702</u>	<u>44,243</u>	<u>\$ 59,860</u>	<u>\$ 15,617</u>
Receipts over (under) expenditures	5,689	3,494		
Unencumbered cash, beginning of year	<u>2,860</u>	<u>8,549</u>	<u>\$ 9,860</u>	<u>\$ (1,311)</u>
Unencumbered cash, end of year	<u>\$ 8,549</u>	<u>\$ 12,043</u>		

See Independent Auditor's Report.

CITY OF MINNEOLA, KANSAS

MINNEOLA CITY LIBRARY
(RELATED MUNICIPAL ENTITY)SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASISFor the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2018</u>	<u>2019</u>
Receipts:		
Transfers from City:		
General	\$ 17,880	\$ 20,900
Employee benefits	2,075	2,200
County appropriation	15,125	30,931
State aid	200	2,844
SWKLS grants	6,500	6,580
Memorials	85	380
Other income	4,071	5,873
Interest on investments	169	169
Summer reading	1,130	1,150
	<u>47,235</u>	<u>71,027</u>
Total receipts		
Expenditures:		
Culture and recreation:		
Materials	5,468	5,102
Operations	24,582	18,704
Personnel	19,567	22,009
Technology	9,719	5,514
Courier service	300	300
	<u>59,636</u>	<u>51,629</u>
Total expenditures		
Receipts over (under) expenditures	(12,401)	19,398
Unencumbered cash, beginning of year	<u>76,785</u>	<u>64,384</u>
Unencumbered cash, end of year	<u>\$ 64,384</u>	<u>\$ 83,782</u>

See Independent Auditor's Report.